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Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 FEA-01 AEC-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 /093 W
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R 220510Z JAN 75
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 2011
INFO AMEMBASSY ABU DHABI
AMEMBASSY BEIRUT
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE
USMISSION EC BRUSSELS
USMISSION OECD PARIS

C O N F I D E N T I A L KUWAIT 0320

BEIRUT PASS BAGHDAD

E.O. 11652: GDS
TAGS: ENRG,KU
SUBJECT: DECEMBER KOC PRODUCTION AND OTHER PETROLEUM NOTES

REF: (A) KUWAIT 5383 (NOTAL) (B) KUWAIT 0210 (NOTAL)
(C) KUWAIT 0272 (NOTAL)

1. FOLLOWING INCREASE IN NOVEMBER, KUWAIT OIL COMPANY CRUDE PRODUCTION SLIPPED AGAIN IN DECEMBER. TOTAL KOC PRODUCTION WAS 63,605,321 BARRELS OR 2.05 MILLION BPD COMPARED TO 2.21 MILLION BPD IN NOVEMBER. ASSUMING AOC (KUWAIT SHARE) AMINOIL PRODUCTION
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OF ABOUT 270,000 BPD, TOTAL KUWAIT PRODUCTION IN DECEMBER WAS ABOUT

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2.325 MILLION BPD.

2. LEADING IMPORTERS OF KOC CRUDE IN DECEMBER WERE JAPAN (15.1 MILLION BARRELS), NETHERLANDS (10.4 MILLION BARRELS), FRANCE (7.6 MILLION BARRELS), UK (5.6 MILLION BARRELS) AND SOUTH KOREA (5.6 MILLION BARRELS). NONE WAS EXPORTED TO US BUT 1.6 MILLION BARRELS WAS EXPORTED TO CANADA.

3. RE OTHER DEVELOPMENTS, WE HAVE LEARNED THAT RECENT SHELL DEAL (REF C) INVOLVES QUARTERLY INCREASES OF 100,000 BPD. THUS SHELL WILL PURCHASE 100,000 BPD KUWAITI CRUDE DURING FIRST QUARTER, 200,000 BPD DURING SECOND QUARTER, 300,000 BPD DURING THIRD QUARTER, AND 400,000 BPD DURING FOURTH QUARTER AND THEREAFTER DURING THREE YEAR CONTACT PERIOD. PRESENTLY EXXON REPS ARE HERE TO DISCUSS POSSIBLE PURCHASE, PROBABLY OF 60,000 BPD. BRAZILIANS ALSO RETURN-ING ACCORDING TO PRESS LOOKING FOR 40,000 BPD.

4. NOT COMPLETELY CLEAR HOW SHELL AND OTHER POSSIBLE DEALS WILL AFFECT GULF AND BP. HIGH LEVEL GULF AND BP REPS EXPECTED HERE NEXT MONTH TO DISCUSS SECOND AND THIRD QUARTER 1975 BUY-BACK ARRANGE-MENTS.

5. KOC OFFICIALS PROFESS CONFUSION OVER RECENT SEEMINGLY CONTRADICTORY REMARKS ABOUT GOK INTENTIONS TO NATIONALIZE COMPANY. SO FAR, HOWEVER, MOST AUTHORITATIVE OFFICIAL STATEMENTS REMAIN THOSE MADE LAST MONTH BY ATEEQI THAT GOK DID NOT RPT NOT INTENDE COMPLETELY TAKE OVER KOC.

6. SIMILARLY GOK ATTITUDE TOWARDS OVERALL PRODUCTION LEVEL NOT CLEAR. AS NOTED REF B, ONE SENIOR OFFICIALS SAID 2 MILLION BPD LEVEL WILL BE SET, BUT SEVERAL OFFICIALS AND OTHER OBSERVERS STRONGLY DOUBT THAT STATEMENT TRULY REPRESENTS GOK POLICY. TOP KOC OFFICIAL ANTICIPATES THAT OVERALL KUWAITI PRODUCTION IN 1975 WILL BE IN 2.4 MILLION BPD TO 2.5 MILLION BPD RANGE.

7. COMMENT: NO QUESTION THAT CURRENT GOK ATTITUDE ON KEY OIL POLICY QUESTIONS UNCLEAR. FOLLOWING PARLIAMENTARY ELECTIONS NEXT WEEK, GOK-GULF/BP TALKS NEXT MONTH, OPEC SUMMIT LATER THIS MONTH AND GOK DISUCSSIONS WITH OTHER POTENTIAL CRDUE CUSTOMERS, SITUATION HOPEFULLY WILL CLARIFY. FOR NOW WE THINK GOK WANTS TO KEEP VARIOUS CONFIDENTIAL

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OPTIONS OPEN.
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